DRIVING DOWN CUSTOMER ACQUISITION COST BY INTEGRATING CONTENT AND COMMERCE

▶ **Helpful Definitions**

CUSTOMER ACQUISITION COST
The total overall cost to acquire a customer.

HEADLESS COMMERCE
An ecommerce experience that decouples the presentation layer of a website from the ecommerce backend functionality to offer a flexible, seamless digital experience.

▶ **About the Research**

In May 2019, BigCommerce partnered with Retail Dive to survey 106 executives and marketing managers globally on the topic of rising customer acquisition costs.

In today's hyper-connected world, consumers spend almost half their day consuming digital media.[1] Non-stop exposure to digital content and shopping experiences has elevated consumer expectations for the reading and buying experience and driven increased competition for customer attention in paid advertising. As a result, customer acquisition cost (CAC) – the cost to attract and convert customers – is rising every year, whether your store relies on organic search traffic or pay-per-click (PPC) advertising.[2]

While your first instinct might be to crunch numbers and brainstorm how you can outmaneuver the surging cost, it's critical to remember that customers aren't just buying your product – they're buying into the full experience of your brand. Which means that in addition to creating a unique and high-quality product, highlighting the most compelling value proposition, and driving traffic to your store, you also need to consider the overall digital experience you're offering customers when they click through to make a purchase. Every point of friction in the buyer's journey is an opportunity for a customer to get distracted and fall off your site. If your customer's digital experience is not a seamless one, technology can become an obstacle between your products, your content, and customer conversion.

Because content marketing offers an effective way to capture organic search traffic and educate and build relationships with potential customers, it remains a preferred marketing method for ecommerce stores.

But if you want to get the most out of this method of attracting customers, you'll need to find a way to streamline your customer's digital experience and remove as many obstacles to purchase as possible. And that's where headless commerce – a flexible, API-driven approach to how a site's front and back-end connect – may be able to enhance your brand's digital experience and seamlessly integrate content with commerce.
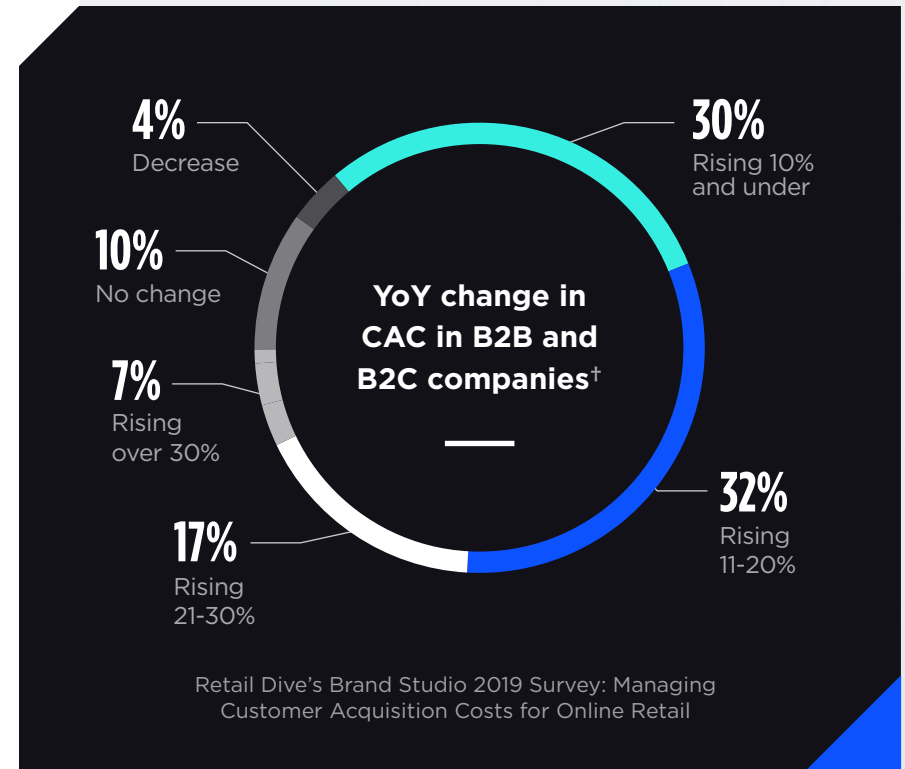
In this playbook, we'll explore the complex factors driving the rise in CAC and why online retailers are using content marketing to manage it. We'll also consider the relationship between content marketing, CAC, and an ecommerce store's backend structure to better understand when and how a headless commerce solution can increase the effectiveness of a store's website and help keep those costs low.
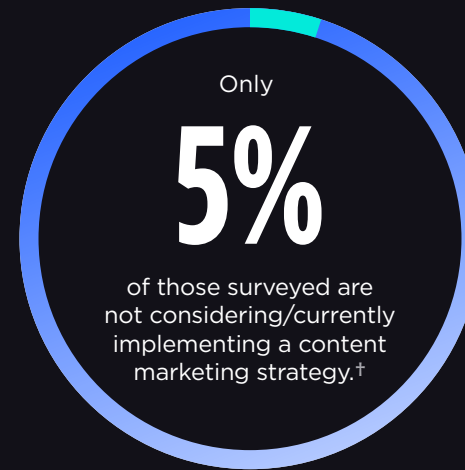
Customer Acquisition Costs On the Rise

Despite the fact that the percentage of retail sales taking place online grows in double digits every year,[3] ecommerce retailers are having trouble growing profits because the cost of acquiring those customers is also on the rise.[4] In one study by ProfitWell,[5] the CAC for both B2C and B2B companies has risen 50% in the past five years. This mirrors the response from executives and marketing managers surveyed in the Retail Dive survey sponsored by BigCommerce in which CAC has risen for 86% of those surveyed. The amount of the rise ranged from 1-10% (affecting 30% of those surveyed) to over 30% (affecting 7%).

Why is it such a challenge to keep CAC low? Competition, for one thing. New startups and digital arms of established retailers enter the ecommerce marketplace every day, driving more competition for customer attention and conversion.

4%
Decrease

10%
No change

7%
Rising over 30%

17%
Rising 21-30%

YoY change in CAC in B2B and B2C companies[†]

30%
Rising 10% and under

32%
Rising 11-20%

Retail Dive's Brand Studio 2019 Survey: Managing Customer Acquisition Costs for Online Retail

> **Our blogs have really helped. Unfortunately, we are not doing it as much as we need to. Too much time between blogs due to personnel factors."**
>
> TOP EXECUTIVE OF AN ONLINE RETAILER[†]

Only

5%

of those surveyed are not considering/currently implementing a content marketing strategy.[†]

Retail Dive's Brand Studio 2019 Survey: Managing Customer Acquisition Costs for Online Retail

This increased competition also has a waterfall effect on ad effectiveness and overall impressions – even as online advertisements become more expensive, they also become less effective because of the fragmentation of the customer buying journey[6] and growing "banner blindness."[7] Investing exclusively in online advertising for customer acquisition becomes a money pit that delivers less ROI over time.

"One of the main reasons the cost of acquisition is rising is the saturation of paid advertising," says Sherri Bohman, Product Marketing Manager at BigCommerce. "This is the first time that digital ad sales will represent more than half of global ad sales,[8] and the more competition there is for ad placements, the more the placements cost. And the more ads are served, the better those ads need to be to stand out. Over time, it's pushing marketers into thin margins that simply aren't sustainable."

Ecommerce Marketers Turn to Content to Lower Customer Acquisition Costs

The survey responses identify a clear answer to rising CAC and provide proof that content marketing offers an effective way to educate customers on the benefits of your products, build relationships, and drive demand. While other "very important" strategies such as search engine optimization (48%) and improving the content journey (48%) stood out as strong ways to reduce CAC, creating and publishing content via their own channels (60%) and improving their digital experience (59%) delivered the best results.

Measures respondents take to manage or reduce CAC[†]

60% CREATE CONTENT AND PUBLISH IT VIA THEIR OWN CHANNELS

59% IMPROVE THEIR DIGITAL EXPERIENCE

48% SEARCH ENGINE OPTIMIZATION

48% IMPROVE THE CONTENT JOURNEY

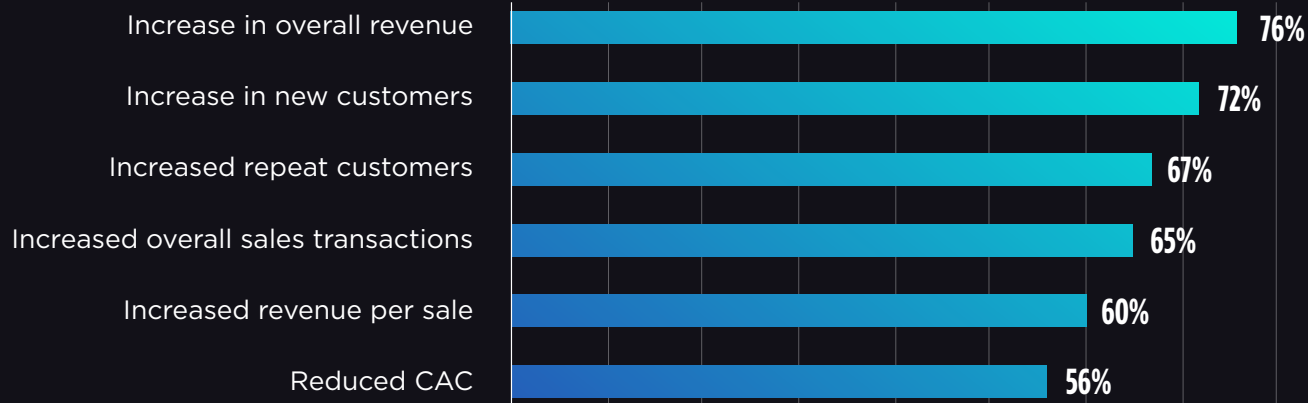**39%** PAID MEDIA PRESENCE/ ADVERTISING

39% CREATE CONTENT, PUBLISHED VIA THIRD-PARTY CHANNELS

36% DATABASE NURTURING/ REENGAGEMENT

18% AFFILIATE PROGRAMS

Retail Dive's Brand Studio 2019 Survey: Managing Customer Acquisition Costs for Online Retail

How are companies benefiting from investment in creating content to engage online customers?[†]

Increase in overall revenue	76%
Increase in new customers	72%
Increased repeat customers	67%
Increased overall sales transactions	65%
Increased revenue per sale	60%
Reduced CAC	56%

Retail Dive's Brand Studio 2019 Survey: Managing Customer Acquisition Costs for Online Retail

But content marketing didn't just stop at allowing retailers to reduce CAC. It also greatly or somewhat improved other critical metrics such as increasing overall revenue (76%), new customers (72%), repeat customers (67%), overall sales transactions (65%), and revenue per sale (60%), making it impossible to ignore the connection between content marketing and CAC.

"Customers who shop online also consume content online, so there's a natural opportunity there to provide value and build trust through content," says Bohman. "Retailers that provide these critical consumer touchpoints through their company blog, social media, and other digital channels, stay top of mind and see improvement in metrics like conversion from organic channels, lower CAC, and repeat customers."

Blending Content With Headless Commerce Creates a Seamless Digital Experience

The premise of content marketing for ecommerce is that compelling content integrated with a seamless commerce experience is a powerful way to drive ecommerce sales with a lower CAC. But most legacy brands were built for traditional ecommerce, not content, leaving a gap between the content that drives traffic to a store and the process that converts a visitor into a customer.

When everything about an ecommerce site is built from the commerce function up, inventory data and site design elements are static and welded to that function. So when a brand attempts a robust content marketing campaign, they're forced to choose between sacrificing their front-end experience because they're limited to the capabilities of their ecommerce solution, or fragmenting commerce and content between two platforms while losing valuable SEO and delivering a disjointed digital experience.

"

We revamped our website by improving the customer shopping experience. This enabled people to more easily find the product they were looking for, and save items that they buy regularly to a favorites list. These improvements allowed us to increase revenue on those orders by recommending products based on what they were already ordering."

MANAGER OF AN ONLINE RETAILER[†]

TRADITIONAL PLATFORM APPROACH
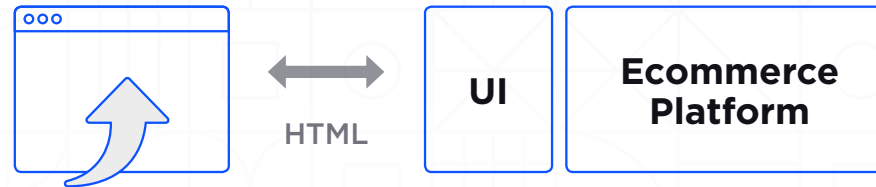
HEADLESS APPROACH

Headless commerce solutions solve this problem by decoupling the back-end ecommerce functionality of a site from its front-end CMS or presentation layer. So instead of forcing customers down a rigid content and buying journey, online retailers have more flexibility, customizability, and freedom to experiment with how they design their customer's digital experience, whether they choose to build on WordPress or Bloomreach or any other CMS or DXP solution. As a result, retailers can give customers a seamless digital experience with their content and products, driving down CAC as customers find content and convert without friction.

Here are three specific ways that headless commerce solutions can improve your customer's digital experience and lower customer acquisition costs:

1. A seamless digital experience builds trust among increasingly skeptical consumers

In a crowded digital space, customers look for trust signals to indicate whether or not they should make a purchase. In fact, one study found that as many as 70% of online purchases are terminated because of a lack of trust.[9] From site load time to photography to content layout, any experience on your site that starts with one visual style and changes to another style – such as when a customer is redirected from the company blog to the commerce store or checkout – can be very jarring and signal to potential customers that it's not a safe place to make a purchase.

"Headless commerce eliminates the need for merchants to have their store on one domain and their blog on another domain," says Bohman. "It lets them unify the digital experience for their customers and keep the same look and feel throughout the reading and purchasing journey, removing points of friction that could impact conversion."

2. A customer-first experience drives engagement without straining your development team

One of the most restrictive things about traditional ecommerce solutions sites is that it can put your existing site structure and design before your customer's needs. Because you may lack capabilities that enable you to create unique, personalized experiences on a traditional ecommerce platform, you can't deliver the experience customers want. With headless commerce solutions, the existing front-end of your website can deliver products, blog posts, or customer reviews to any screen or device in any framework your customers need – without the need to retrain your development team on a new CMS or system.

Your developers can easily make changes on the front-end to respond to customer behavior, but they aren't the only ones who can update the site. Anyone on your team can use a simple CMS like WordPress to make content updates without worrying they'll bring down the whole system. As a result, you don't have to compromise content, commerce, or digital experience – your brand can nimbly optimize them, and your developer's time and resources are free to be spent on more innovative, business-driving projects.
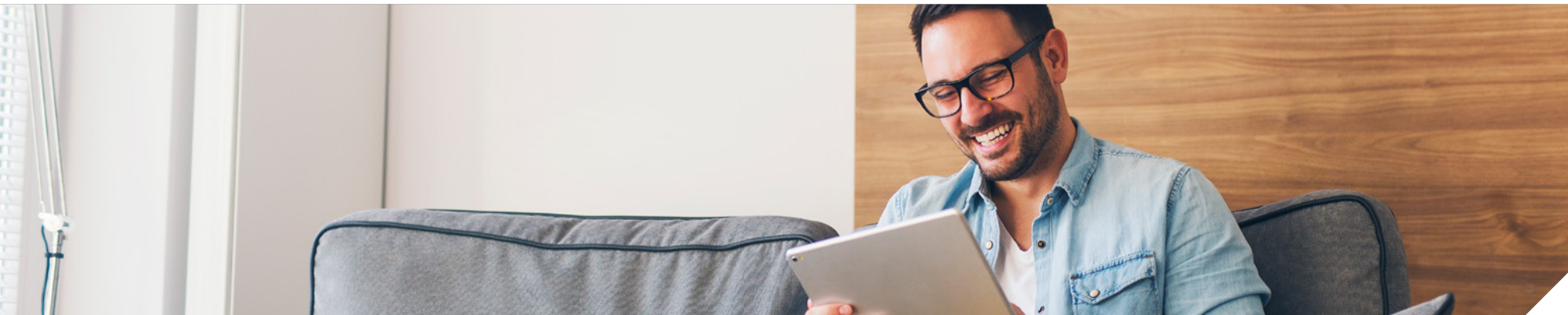
3. Detailed attribution allows you to identify and optimize the most effective forms of advertising

The answer to increased competition and decreased effectiveness of ads is not to skip expensive forms of advertising altogether. It's to carefully track which methods of advertising are delivering the best ROI and making informed decisions about your investments. A headless commerce solution allows you to track this information, perform tests to see which strategies are the most effective, and build marketing plans based on accurate data.

"A lot of organizations know their marketing efforts – including their content marketing – are important, but they don't necessarily track the results or link it to their commerce activity," explains Bohman. "A customer may discover your product in a branded YouTube video, visit your blog a few different times, and finally convert and make a purchase, but your marketing team may not connect it to their efforts because they don't have sophisticated tracking and attribution in place."

BENEFITS OF HEADLESS COMMERCE

Platform agnostic – keep your current CMS set-up

Detailed documentation for developers

Solid, scalable, secure

PCI Compliant checkout

API-centric and highly efficient

Ready to bake-in options for modular components

Headless Commerce for Retailers That Want to Put Digital Experience First

Whether your company already has an established online presence or is ramping up its efforts, you're growing online because you see limitless potential in being able to serve customers where they are. But if you can't deliver the engaging and seamless digital experience consumers from every background have come to expect, you won't see the best return on your investment in any kind of marketing, including content marketing. Your CAC will rise, your conversions will fall, and your business could be at risk of losing its profitable margins.

The best way to capture the attention, trust, and business of your customers is to make every step of their digital experience as polished and frictionless as possible. If it sounds like the gap between content and commerce is a challenge for your ecommerce store, consider how headless commerce could help you build a flexible and agile digital experience for your customers.
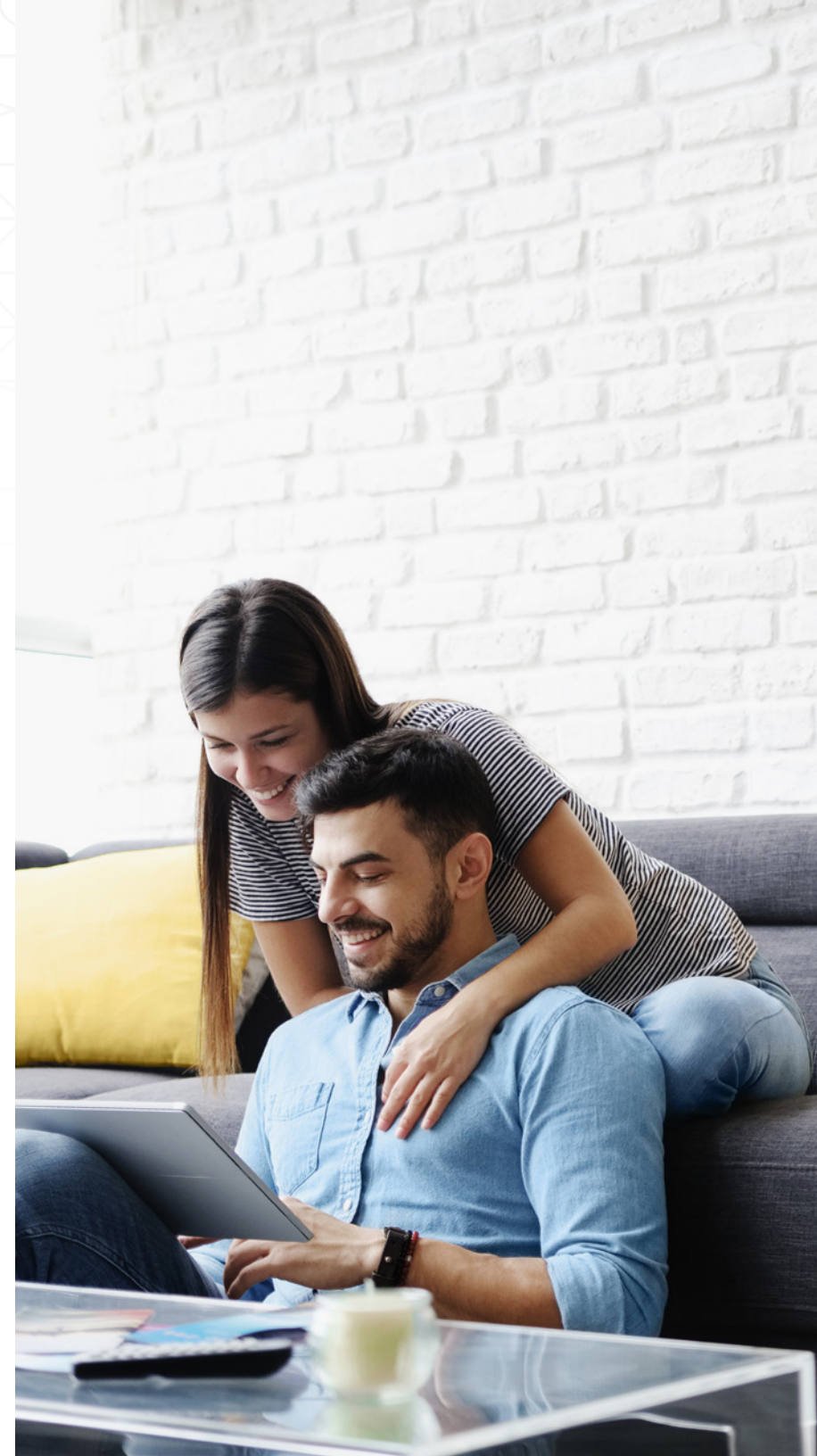
BIGCOMMERCE

BigCommerce is the world's leading SaaS ecommerce platform for established and rapidly-growing businesses. Combining enterprise functionality, an open architecture and app ecosystem, and market-leading performance, BigCommerce enables businesses to grow online sales with 80% less cost, time and complexity than on-premise software. BigCommerce powers B2B and B2C ecommerce for more than 60,000 stores, 2,000+ mid-market businesses, 30 Fortune 1000 companies and industry-leading brands, including Assurant, Ben & Jerry's, Paul Mitchell, Skullcandy, Sony and Toyota.

Learn more about BigCommerce's Headless Commerce Capabilities:

LEARN MORE

Your dashboard
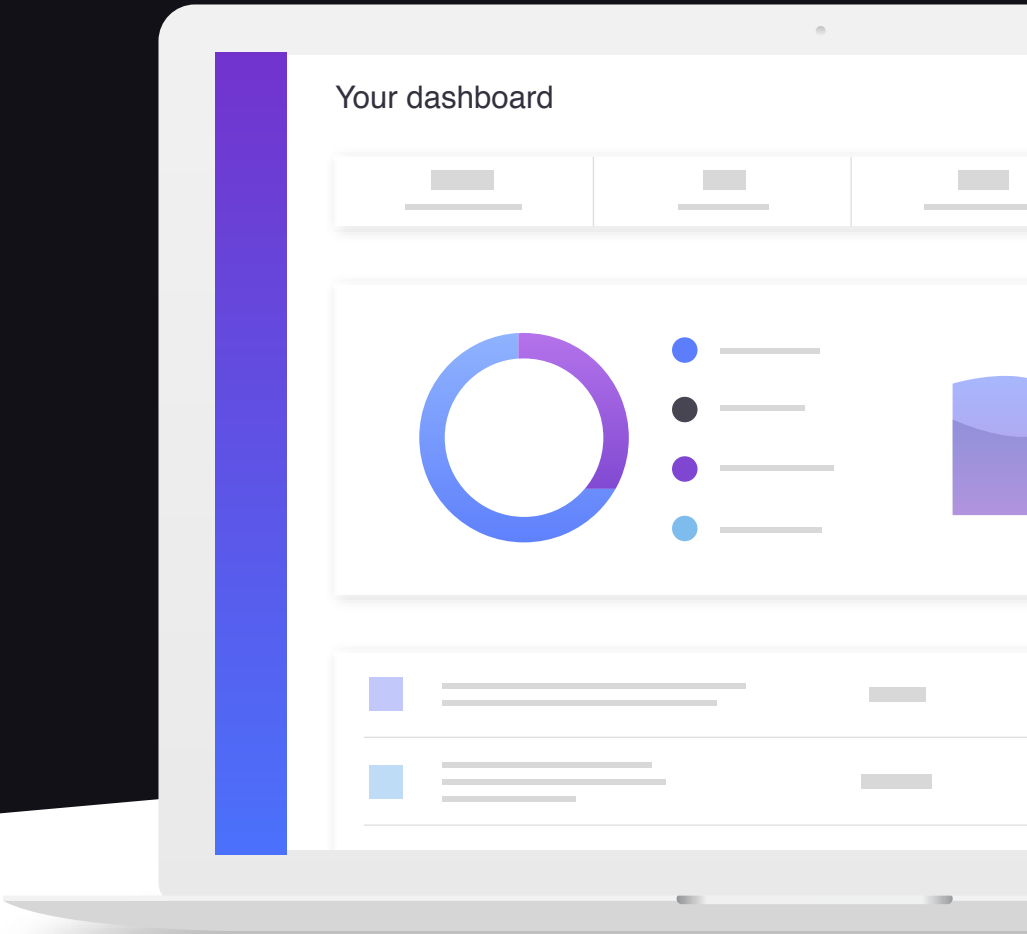
BRAND STUDIO

Custom Content. Targeted Results.

Industry Dive's Brand Studio collaborates with clients to create impactful and insightful custom content. Our clients benefit from aligning with the highly-regarded editorial voice of our industry expert writers coupled with the credibility our editorial brands deliver. When we connect your brand to our sophisticated and engaged audience while associating them with the leading trends and respected editorial experts, **we get results.**

LEARN MORE

Sources

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